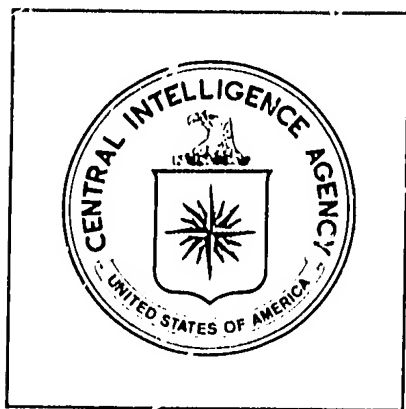


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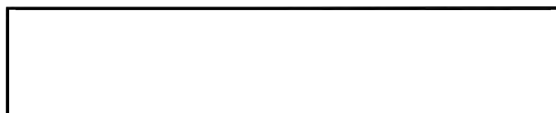
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Appearances and Disappearances

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The festivities surrounding Sihanouk's return to Cambodia brought out most members of the Chinese leadership, plus a heavy representation from the distaff side. The appearances, however, served to highlight several notable absentees.

Most prominent among the missing were party vice chairmen Wang Hung-wen, who may still be in Chekiang Province overseeing the return to normality, and Yeh Chien-ying, who has not appeared since Army Day. There seems to be no political reason for Yeh's non-appearance, but there have been occasional rumors that he is not in the best of health.

Chiang Ching made her first public appearance in three months at the Chinese banquet for Sihanouk.

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Madame Mao, of course, has not had a good year politically since her failure to win a government position at last January's National People's Congress. The Chinese people, apparently sensitive to that failure, have circulated numerous rumors since then about Mao's displeasure with her. The latest, and perhaps most devastating rumors have it that the Politburo voted earlier this year to reactivate its decision of the 1940s to keep her out of politics, and that Mao wrote her a letter in which he suggested that they go their separate ways from now on since they had been going in opposite (presumably political) directions anyway.

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Chiang Ching's one-day reappearance, plus public appearances by the wives of Chu Te, Chou En-lai, Li Hsien-nien and even Hsu Hsiang-chien seemed to underscore the surprising absence of Cho Lin, wife of Sihanouk's official host, Teng Hsiao-ping. Cho Lin does not appear on every occasion at which her busy husband is top man, but the presence of so many other wives made her absence all the more conspicuous. There is no ready explanation for her non-appearance, but it is at least possible that it has some connection with the current attacks on "Water Margin." If the novel's leading figure, who is attacked for accepting a royal amnesty and seeking official positions for his wife and son, is intended by some to represent the rehabilitated Teng Hsiao-ping, Madame Teng may prefer for the time being to maintain a low profile. She currently holds an unspecified position in the government.

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Vietnam: A Quiet Anniversary

Peking's subdued treatment of Hanoi's National Day early this month reflects continuing friction between the two countries, while clearly pointing up Chinese concern that Hanoi is falling under Moscow's domination.

The celebrations in Hanoi, marking the 30th anniversary of the communist government's founding, called for high-level Chinese attention, but Peking appears to have played down the importance of the event as well as the current status of China's relations with North Vietnam.

Neither the message from Chinese leaders nor the *People's Daily* editorial marking the occasion included the enthusiastic expressions of Sino-Vietnamese solidarity that were features of Chinese statements during the war. Thus, there was no mention of Peking's "proletarian internationalist duty" to support Hanoi; no depiction of the Sino-Vietnamese relationship as being "as close as lips and teeth"; no references to "sharing weal and woe"; no mention of the application of Marxist-Leninist principles in Vietnam.

Although China sent a fairly high-level delegation led by politbureau member Chen Hsi-lien to Hanoi, the Chinese in Peking displayed a clear lack of enthusiasm for the anniversary. In 1965 and 1970, the Chinese held rallies marking the 20th and 25th anniversaries of the DRV. Moreover, receptions at the North Vietnamese embassy those years were attended by at least three politbureau members and Chou En-lai delivered speeches on both occasions. This year, there was no rally and politbureau member Wu Te was the speaker at the embassy reception.

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Chen Hsi-lien, in a speech delivered at a Vietnamese iron and steel complex, did pull out most of the stops in describing Peking's ties with Hanoi, referring to China's "internationalist obligation" to support the Vietnamese and to the Vietnamese as "close comrades-in-arms and brothers." Still, Chen's remarks in Hanoi are almost certainly not as authoritative as the *People's Daily* editorial and the message that was signed by both Mao Tse-tung and Chou.

More important, however, Chen took the opportunity to lecture the Vietnamese on the dangers of Soviet machinations in Southeast Asia and elsewhere. Without mentioning the Soviets by name, Chen warned the Vietnamese that "the superpowers" were attempting to dominate other countries, especially in the Third World. Chen asserted that China, itself a Third World country, would never attempt to establish hegemony over other countries, obviously contrasting China's allegedly benevolent view of Southeast Asia with what Peking considers to be Moscow's dark designs on the area. He said China stood by other developing countries in opposition to "superpower aggression, intervention, control, subversion and plundering."

The Chinese have in several recent private conversations expressed a conviction that Hanoi has tilted toward Moscow. They obviously hope, however, to increase their own leverage with the Vietnamese and to continue to draw Hanoi's attention to the darker side of Soviet intentions. That clearly was Chen's objective in asserting that Peking does not interfere in the internal affairs of other countries, as well as his comment that China had supported Hanoi "to the best of our ability," thus reminding the Vietnamese that they still owe China for past favors.

How much confidence Peking actually has in its ability to improve ties with Hanoi, to say nothing

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[redacted]

of effectively countering Soviet influence in Viet-
nam, is another question. [redacted]

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[redacted]

Differences of opinion over territorial claims in the South China Sea have been clear for some time--especially since Peking assumed full control of the Paracel Islands last year--but the land border has been clearly demarcated since the 19th century and has not been a contentious issue in the past.

If issues such as these continue to surface, the possibility of any significant improvement in relations between the two countries will remain remote.

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[redacted] the Chinese have often portrayed problems with Hanoi as resulting from Soviet "meddling," probably in order to disguise the seriousness of Peking's difficulties with Hanoi. Over the long run, however, the Chinese view of Hanoi as a challenger to Peking's own influence in Southeast Asia--especially one that has Soviet backing--could mean that relations between the two countries will deteriorate even further. [redacted]

[redacted]

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Floods in China

Torrential rainstorms and typhoons which battered China in early and mid-August did not seriously damage the grain crop. The storms caused local flooding, but skirted key agricultural areas. Since growing conditions in North China--where urban rations are supplemented with imported grain--have been generally favorable, grain imports will not increase appreciably.

China's transport sector was more severely affected. Floods have severely hampered operations on the main railroad from Peking to Canton. The area in Honan Province between Cheng-chou and Hsin-yang was particularly hard hit, and the railroad and several highways were severed on August 8. Priority freight movement was reportedly restored by September.

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Chinese railroads, the nation's chief means of moving freight, are periodically disrupted by weather. The disruption of this key line for more than four weeks is particularly damaging; if it persists, China's industrial performance this year could be reduced.

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Sayonara, Sihanouk

After five tumultuous years, Prince Sihanouk ended his exile in Peking last week and returned to Phnom Penh. The Chinese gave every indication that they were pleased with the arrangements.

Peking's endorsement of Sihanouk's return was evident in the turnout at farewell banquets in Peking and at his airport sendoff. More top-level Chinese officials attended these affairs than any event honoring a foreign visitor since Kim Il-song was in Peking last April. Moreover, the Chinese heaped praise on Sihanouk for his past role in Cambodia's "liberation" and expressed the hope that he "will make still greater contributions" after returning to the Cambodian capital. Sihanouk also had final meetings with both Mao Tse-tung and Chou En-lai.

While the Chinese are clearly happy to have Sihanouk out of their hair and back in Cambodia with at least a nominal title--as "head-of-state"--Peking almost certainly recognizes that the Prince is not likely to have a significant voice in Cambodian affairs. Peking, therefore, has been careful not to jeopardize its equities with the ruling Cambodian communists by arguing for a more important role for Sihanouk. Since the end of the fighting in Cambodia and Vietnam, the Chinese have concentrated their attention on Cambodia and their ties with the new communist regime appear to be closer than those with any other Indochinese country. The Chinese ambassador to Cambodia arrived in Phnom Penh last Wednesday, the first foreign envoy to take up his post since the communists took over last April.

Expressions of support for Sihanouk seem aimed primarily at avoiding the impression that Peking has

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dumped him, as well as being a gentle reminder to the Prince that he has an obligation to the new regime in Phnom Penh. Chinese leaders were almost certainly concerned that Sihanouk, whose difficulties with the communists have been well known since the mid-1960s, might break with the new leaders and relocate in another country, where he could criticize them through his many contacts in the foreign press. This development, which Sihanouk himself has hinted at in the past, would force Peking to side with their new ally in Phnom Penh against the Prince and might seriously embarrass Peking.

Peking's treatment of Sihanouk's departure in itself does not, of course, commit the Prince to a long-term alliance with the communists. His current stay in Phnom Penh will apparently be a brief one, after which he plans to travel for several weeks, probably as a "senior spokesman" for the new regime. Reportedly included in his itinerary are trips to Peking for the October 1 National Day celebrations and for his birthday in late October. The Chinese will probably use these occasions to reiterate their hope that the Prince will continue to cooperate with the communists. [REDACTED]

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Bourgeois Rights: Right or Wrong?

Local authorities still seem to be in a quandary over how to implement the so-called restriction of bourgeois rights--the various incentive measures including private plots, side-line production, and free markets. The restriction of free markets, where farmers can sell produce they have grown privately, seems to be especially controversial.

The reaction in Canton to the alleged closure of free markets as of July 1 was not at all favorable. It is still not certain whether the markets were closed entirely, as they have reportedly been in other areas, or whether the number of days they were allowed to operate was severely restricted. In any case, Canton residents reportedly lobbied for looser restrictions on the markets, and they have apparently been successful. A Kwangtung provincial document reportedly authorized the reopening of the free markets in Canton on August 1. The official explanation was that the closure of the markets had prevented the peasants from exchanging their products for other needed goods. Most Canton residents apparently attribute the reopening of the markets to popular pressure.

The turnabout on the Canton free markets graphically illustrates not only the ability of ordinary people to influence events when sufficient pressure is applied but also the uncertainty among local officials over how to handle such issues. It is not at all clear that Kwangtung officials had authorization from Peking to close the markets in the first place. In fact, recent propaganda, especially an article written by the Ministry

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of Agriculture, seems to be taking a dim view of excessive economic restrictions. The Ministry of Agriculture article as well as similar broadcasts from a few provinces have once again attacked the "wind of communization," as did vice premier Chang Chun-chiao last April.

The return of the "wind of communization" theme suggests that some elements in the leadership, mindful that popular discontent over economic policy will likely lead to further production disruptions, do not want to make rash changes in current policy and are not pleased with those who have done so. As with so many other issues, however, the leadership in Peking is probably not of one mind over how to proceed with "restricting" bourgeois rights. It seems likely that some people are arguing for tighter restrictions, which may have accounted for the free market closures, the reduction in the size of private plots and in some cases confiscation of the plots.

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Minority Problems in the Provinces

Until recently it appeared that the leadership's special efforts in the minority areas had largely contained the problems evident in the 1950s and early 1960s. Part of this relative success was due to the concessions made by the center--exemption from the two child limit of the national birth control policy, preservation of minority languages, establishment of minority publications, industries to produce special minority goods, and a privileged status in terms of university entrance.

Another aspect of Peking's minority policy, however, has been the leadership's effort to move Han Chinese--especially demobilized servicemen and youth--into minority regions. This approach has the positive effect of diluting large concentrations of minorities but the negative effect of alienating much of the native population, which fears it will be swamped by an influx of Hans.

In fact, [] serious problems have developed among the Hui in Yunnan and Kweichow. Attempts by provincial leaders, the majority of whom are Han Chinese, to curtail Hui religious practices are responsible for these problems. The latest incidents in Yunnan were triggered when the leadership tried to force the Hui, who are Muslims, to work on Fridays. The Hui retaliated by trying to raid a PLA armory. Equally serious, dissident Hui in Kweichow recently presented a visiting United Nations team with a petition requesting an examination of the right of self-determination.

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Other incidents, moreover, go well beyond earlier protests, which were characterized by poster campaigns and street demonstrations. These new activities--cutting a railroad line, production sabotage, and armed clashes--tend to erode Peking's authority over these minorities. The incidents in Yunnan have already triggered a strong response--the ringleaders of the raid on the armory have been arrested and intensive ideological study is being carried out among the Huis. The last attempts at "armed rebellion" by Huis in Ningsia in 1974 were quelled by PLA troops.

Given the strong response by Peking in the Chekiang case, it is likely that any new outbreak of dissidence will bring a strong response from Peking.

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Gleanings from the Special Session

Peking is keeping its own counsel on US and European proposals to the recently concluded UN Special Session. In his keynote address to the special session on September 2--the day after the US presentation--Chinese Foreign Trade Minister Li Chiang hewed to Peking's canned line of blaming the superpowers for Third World economic ills, warning of continued superpower--primarily Soviet--efforts at world economic domination, and expressing Chinese support for general Third World aspirations.

There were, however, some suggestions in the speech that the Chinese hope that the session will result in an easing of tensions between developing and developed countries. Li, for example, spoke approvingly of a "positive attitude" on the part of the "Second World," an apparent reference to the Lome agreement to stabilize earnings of some products exported by 46 developing countries associated with the EC. The Chinese lauded the Lome agreement when it was signed last spring, and for some time have been apprehensive that Western Europe--which Peking claims is the frontline in the struggle against "Soviet hegemonism"--would be weakened the most by continued world economic disorders.

At the same time, Li's speech appeared to signal that China will continue to avoid an active role in any mechanism or agreements designed to satisfy Third World demands. In this regard, Li appeared to rule out Chinese contributions to any world food stocks by stressing China's example of "self-reliance." Peking has declined invitations to join such international bodies as the World Food Council and the Food and Agricultural Organization largely because membership entails the divulgence of economic statistics the Chinese consider vital state secrets.

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Similarly, Li's failure to make even an oblique reference to the US proposal for a multinational fund to aid developing countries most severely affected by world market fluctuations--a concept the Chinese support in the abstract--undoubtedly reflects Peking's wariness of being drawn into such potentially expensive endeavors.

Despite any reservations Peking may have over any particular stand taken by developing countries in the special session, Peking can be expected to continue lending strong vocal support to their cause. China continues to see a unified Third World as a means of diffusing superpower--primarily Soviet--influence on the world scene and thereby create openings that China can exploit to increase its own prestige and influence as a world power.

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Provincial Leadership Notes

Radio Shantung announced on September 6 that Tsingtao--the second most important city in the province--had formed a municipal party committee. Tsingtao is the last major municipality to form a party committee in the aftermath of the Cultural Revolution. All members of the new committee are veteran cadres that served in Shantung prior to the Cultural Revolution. Tsingtao suffered severe turbulence during that upheaval but [REDACTED]

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[REDACTED] has appeared relatively calm recently. The formation of the committee may have been delayed by factional maneuvering within the provincial party committee, to which a number of new faces have been added in the last year.

Significant additions have also recently been made to party committees in other provinces. Chao Wu-cheng was identified as a secretary in Tientsin on August 16. Chao was the second secretary there before the Cultural Revolution. The current second secretary, Wu Tai, is one of the few career military officers remaining on the Tientsin committee, which was dominated by soldiers when it was formed in May 1971.

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Inner Mongolia has a second secretary, Hung Chou-hsing, for the first time, but his background is obscure and the significance of his appointment is unclear. The appointment of Ragde as a secretary in Tibet in conjunction with celebrations of the tenth anniversary of the founding of the Tibetan Autonomous Region appears to represent a nod to the sensitivities of ethnic Tibetans.

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August 23 Criticism of "Water Margin" begins
in *Kwangming Daily*. [REDACTED]

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August 31 - Chinese delegation led by Vice Premier
September 4 and politbureau member Chen Hsi-lien
in Hanoi for 30th anniversary of DRV
National Day. [REDACTED]

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September 2 Foreign Trade Minister Li Chiang ad-
dresses 7th UN Special Session. [REDACTED]

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September Chinese trade delegation led by Chair-
3-11 man of the Council for the Promotion
of International Trade visits Sweden.
[REDACTED]

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September 4 *People's Daily* editorial cites Mao
as originator of "Water Margin"
criticism. [REDACTED]

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September 5 Kuo Yu-feng identified as head of
Central Committee Organization
Department. [REDACTED]

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High-ranking Romanian delegation ar-
rives in Peking for five-day visit. [REDACTED]

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West German industrial exhibition of-
ficially opened in Peking by Bonn's
Economic Minister Friderichs. [REDACTED]

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Romanian delegation led by Defense
Minister Gheorghe Gomoiu arrives in
Peking. [REDACTED]

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Chinese trade delegation led by Li
Chuan, vice-chairman of the Chinese
Council for the Promotion of Inter-
national Trade, departs for the US.
[REDACTED]

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September 6 Vice Premier Teng Hsiao-ping hosts
farewell banquet in Peking for
Cambodian "head-of-state" Norodom
Sihanouk; Sihanouk ends five-year
exile in China and departs for
Phnom Penh on September 9. [REDACTED]

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September 8 Rwandan foreign minister arrives
in Peking. [REDACTED]

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September 9 China and Mexico sign scientific
and technical cooperation agreement.
[REDACTED]

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Celebrations in Lhasa marks the 10th
anniversary of the founding of the
Tibet Autonomous Region. Politburo
member Hua Kuo-feng heads delegation
from Peking for the occasion. [REDACTED]

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Chinese ambassador to Cambodia Sun Hao
departs for Phnom Penh to take up his
post. [REDACTED]

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September 12 Third National Games open in Peking.
The games were last held in 1965 on
the eve of the Cultural Revolution.
[REDACTED]

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